



REALTOR® Office Contact (ROC) - Legislative Briefing May/June 2009

Every day governmental bodies and elected officials are making decisions that impact the real estate industry and thus REALTOR® livelihoods. This briefing will help keep you informed about the issues which could affect you and how the San Diego Association of REALTORS® is working to protect your business.

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First-Time Home Buyer Tax Credit for Closing Will Move Market: Consumers across the country can now take advantage of a Federal Housing Administration program to allow qualified home buyers to apply the \$8,000 tax credit when purchasing a home. FHA will now permit its lenders to provide a short-term bridge loan that will let qualified home buyers use the tax credit to either make a larger downpayment above the FHA required 3.5 percent, cover closing costs, or buy down their interest rate.

“A true housing recovery depends on buyers returning to the market and reducing inventory,” said National Association of Realtors® President Charles McMillan, a broker with Coldwell Banker Residential Brokerage in Dallas-Fort Worth. “Since many of the homes available are lower priced starter homes, the ability for individuals to use the tax credit at closing should have a meaningful impact on home sales and values and will allow thousands of families to achieve the dream of homeownership.”

Shaun Donovan, secretary of the Department of Housing and Urban Development, announced the change today. In an address to several thousand Realtors® gathered two weeks ago at NAR’s Real Estate Summit: Advancing the U.S. Economy, Donovan announced HUD’s plan to offer the tax credit as downpayment assistance. Donovan detailed the [modifications to that original proposal and announcement](#).

“We all want to enable FHA consumers to access the home buyer tax credit funds when they close on their home loans,” Donovan said. According to Donovan, the FHA’s approved lenders will be permitted to “monetize” the tax credit through short-term bridge loans allowing eligible home buyers to access the funds immediately at the closing table.

NAR has supported monetization of the tax credit, which was part of an Obama administration housing stimulus plan enacted earlier in the year. NAR petitioned HUD to allow home buyers to use the \$8,000 tax credit to help them cover downpayment or closing costs to bring new home buyers to the market and stimulate home sales.

“We think this is a good program; our members have been getting many inquiries from potential buyers about it,” McMillan said. “NAR is pleased that this enhancement has been made to the administration’s housing recovery program. As we have heard before, there can be no economic recovery without a housing recovery. With an abundance of inventory, reduced home prices, historically low interest rates and now the availability of the tax credit at closing, we expect to see the housing market further stabilize and improve.”

Representatives Kind and Gerlach Introduce HR 2360, "The Small Business Health Options Program (SHOP)": On May 13, 2009, Representatives Kind (D-WI) and Gerlach (R-PA), along with 28 other Representatives, introduced legislation designed to make health insurance more available and affordable for the 14.0 million self-employed individuals, as well as the 47.0 million employees of the nation's 5.9 million small businesses, for consideration in the upcoming Congressional health care reform debate.

HR 2360, the Small Business Health Options Program (SHOP), a companion bill to the recently introduced Senate bill (S. 979) addresses the number one problem for many small businesses and the self-employed, the high cost of providing health care coverage, by:

- Allowing the self-employed and small businesses to band together across state lines and spread the risk over a large number of participants in order to obtain lower premiums.
- Providing tax credits for the self-employed and small business owners to offset contributions to employee premiums.
- Banning health status rating in order to protect the self-employed and small businesses from large rate increases.

A diverse coalition of stakeholders from across the political spectrum and each with their own priorities for broader reform have joined together to support the SHOP bill. In addition to NAR, the bill was also endorsed by the National Federation of Independent Business, the Service Employees International Union, the National Partnership for Women & Families, Families USA, and the National Restaurant Association.

Neighborhood Stabilization First-Time Homebuyer - Discount Requirement Reduced to 1%: One June 15, 2009 HUD announced that they would be lowering the Purchase Discount Requirement from 15% to 1% of current market appraisal value of the home or property.

Please contribute to the REALTOR® Action Fund so SDAR may continue to protect your interests. For additional information or to contribute to the REALTOR® Action fund, please contact the Government Affairs Dept. at govaffairs@sdar.com or 858-715-8026.



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What to Do If You Think a Servicer Isn't Following the Making Home Affordable Program Guidelines: Members have called NAR asking what to do if they think that servicers are not following the guidelines for the Obama Administration's Making Home Affordable Program for modifying eligible mortgages and refinancing Fannie Mae and Freddie Mac mortgages. Here are the recommended steps to take:

- First, go to www.makinghomeaffordable.gov — the official Treasury website for the Making Home Affordable Program. At the site, determine whether the loan is owned or guaranteed by Fannie Mae or Freddie Mac by clicking "Loan Look Up" on the ribbon on the top of the home page. Only the holder of the loan is allowed to perform this, so do in the presence of your client or after obtaining their written permission.

If the loan is a Fannie Mae or Freddie Mac loan, call (1) 1-800-7Fannie or (1) 1-800-Freddie, as appropriate, describing the specific inconsistency. Do this whether the issue relates to the refinancing or the loan modification program.

- Next, if the loan is not owned or guaranteed by Fannie Mae or Freddie Mac you can determine if the servicer is participating in the Home Affordable Modification Program (HAMP) by going to the website and clicking "Contact Your Mortgage Servicer" on the top ribbon. To date, 16 servicers are participating, covering more than 80% of all mortgages.

If the servicer is participating, the first step is to contact the servicer using the phone number or email address listed on the site so you can appeal the issue to a supervisor. Be sure to identify the specific provision of the guidance that you believe is not being followed. If the supervisor cannot or will not correct the problem, call 1-800-7Fannie to report the disagreement. Fannie is administering the program for the Treasury Department and will work to resolve the issue.

[Making Home Affordable Program Website \(consumer friendly\)](#)

[Site for Detailed Information on Making Home Affordable and Other Government Programs](#)

[NAR's Website on Making Home Affordable Program](#)

Bills Introduced to Extend, Expand Homebuyer Tax Credit: Several House members have introduced bills reflecting their support for the homebuyer tax credit and urging that it be expanded and extended. NAR is saluting their efforts, but has not endorsed any particular approach. The bills have differing details, but, taken together, all would have beneficial effects on the housing market. NAR anticipates additional bills in the near future. The bills introduced so far:

- H.R. 2562: Ron Kind (D-WI) and 3 bipartisan cosponsors. The bill extends the tax credit through December 1, 2010, but limits the extension to individuals who served for 3 months or more in the military during 2009.
- H.R. 2606: Eddie Bernice Johnson (D-TX). The bill expands the credit to all purchasers, not just first-time purchasers. The bill extends the credit through December 31, 2010. Her bill also eliminates the repayment feature that applies to the \$7500 2008 tax credit.
- H.R. 2619: Kenny Marchant (R-TX). The bill makes the credit available to all purchasers and also extends the credit through June 30, 2010. The bill also provides a temporary \$3000 tax credit that has the effect of refunding the closing costs associated with refinancing a mortgage, so long as the refinanced amount was no greater than the outstanding balance on the mortgage being refinanced.

New Law to Protect Rental Tenants When Home is in Foreclosure: S. 896, the "Helping Families Save Their Homes Act of 2009", which became law on May 20, 2009, included provisions to protect tenants from eviction as a consequence of a foreclosure affecting the property being rented. Many examples were seen of families living in rental housing throughout the United States who were evicted without any prior notice when the home where they had lived was foreclosed upon. Much of the time, the rental family had no idea the home was in delinquency or subject to foreclosure until their eviction. The new law requires tenants be given 90-days notice prior to having to vacate, and allows them to stay through the remainder of their lease, if the home will continue to be a rental property.

[For more information, visit our one-page summary](#)

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